

September 7, 2018

The Honorable Ajit Pai
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Via Electronic Filing

Re: NOTICE OF EX PARTE
WT Docket No. 10-208: *Universal Service Reform –*
Mobility Fund
WC Docket No. 10-90: *Connect America Fund*

Dear Chairman Pai:

As you know, Panhandle Telecommunication Systems, Inc. (“PTSI”), along with its affiliated entities, has been an active participant in the Federal Communications Commission’s (“FCC” or “Commission”) Mobility Fund proceeding,¹ and, more recently, in the ongoing challenge process. As an initial matter, PTSI appreciates the Commission’s decision to extend the challenge process by 90 days to November 26, 2018.² By way of an update, PTSI has included a PowerPoint presentation with this filing that is similar to the one it filed with the Commission on

¹ See e.g., [Ex Parte Letter](#) from Robert A. Silverman, Bennet & Bennet, PLLC, Counsel to Panhandle Telephone Cooperative, Inc., to Ms. Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208 (Dec. 5, 2014); [Ex Parte Letter](#) from Anthony K. Veatch, Bennet & Bennet, PLLC, Counsel to Panhandle Telephone Cooperative, Inc. and Pine Belt Telephone Company, Inc., to Ms. Marlene H. Dortch, Secretary, FCC, WT Docket Nos. 14-170, 05-211, 10-208, GN Docket No. 12-268 (Apr. 23, 2015); [Ex Parte Letter](#) from Robert A. Silverman, Bennet & Bennet, PLLC, Counsel to Panhandle Telephone Cooperative, Inc. and Pine Belt Cellular, Inc., to Ms. Marlene H. Dortch, Secretary, FCC, WT Docket No. 10-208, WC Docket No. 10-90 (Feb. 15, 2017); [Petition for Reconsideration of Panhandle Telephone Cooperative, Inc. and Pine Belt Cellular, Inc.](#), WC Docket No. 10-90, WT Docket No. 10-208 (Apr. 27, 2017); [Reply to Opposition of Panhandle Telephone Cooperative, Inc. and Pine Belt Cellular, Inc.](#), WC Docket No. 10-90, WT Docket No. 10-208 (May. 26, 2017); [Ex Parte Letter](#) from Caressa D. Bennet, Partner, Womble Bond Dickinson (US) LLP, Counsel to Panhandle Telecommunication Systems, Inc., to Ms. Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90, WT Docket No. 10-208 (July 13, 2018) (*July 2013 PTSI Ex Parte*).

² *Connect America Fund; Universal Service Reform – Mobility Fund*, [Order, Notice of Proposed Rulemaking, and Memorandum Opinion and Order](#), WC Docket No. 10-90, WT Docket No. 10-208 (rel. Aug. 21, 2018).

July 13.³ The new version appended to this letter reflects updated figures. As you can see, the miles driven, employee hours spent, and costs related to the challenge process have continued to rise – and PTSI has not yet completed its efforts.

The purpose of this letter is to invite you or, in the alternative, staff from the Commission's Field Office to visit Guymon, Oklahoma and join PTSI employees as we work to complete MF-II challenge process drive testing in the Oklahoma Panhandle. Like many MF-II stakeholders, PTSI watched the recent August 16, 2018 Senate Commerce Committee Federal Communications Commission oversight hearing with great interest.⁴ As you know, several Senators expressed serious concerns regarding the accuracy of the MF-II Initial Eligible Areas Map and the challenge process more generally.⁵ PTSI shares these concerns, and agrees with you that the Commission must "get it right."

We welcome the opportunity to host you and/or your staff in Oklahoma in order to get a sense of what rigorous challenge process participation requires and the extent to which subsidized 4G LTE coverage has been overstated, and hope that you'll join us.

Pursuant to Section 1.1206 of the FCC's Rules,⁶ this ex parte is being filed electronically with the Office of the Secretary.

Best regards,

Shawn Hanson
CEO
**Panhandle Telecommunication
Systems, Inc.**

³ *July 2013 PTSI Ex Parte* at [Attachment](#).

⁴ Senate Commerce Committee Hearing, [Oversight of the Federal Communications Commission](#) (Aug. 16, 2018).

⁵ Federal Communications Commission, [Mobility Fund II Initial Eligible Areas Map](#) (last visited Sept. 4, 2018).

⁶ 47 C.F.R. § 1.1206.




MOBILITY FUND PHASE II (MFII) EX PARTE

Panhandle Telecommunication Systems, Inc.

D/B/A PTCI

July 11, 2018; August Update



Topics

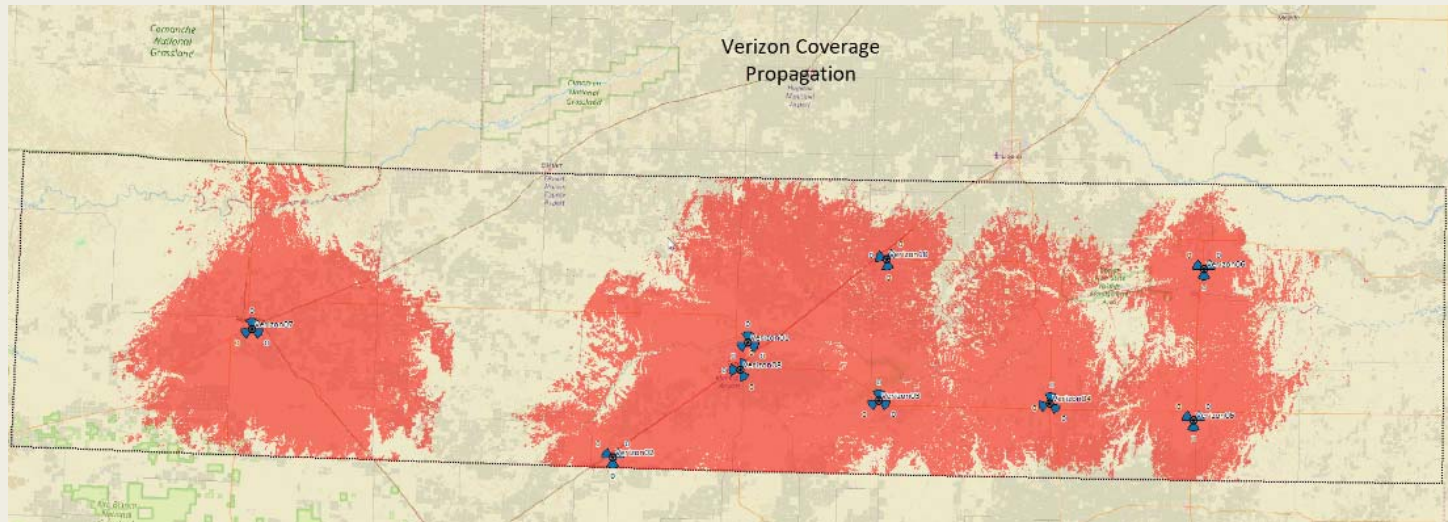
- Concerns regarding overstated coverage remain.
- 400 Meter buffer extension helped, but still Herculean effort.
- Other considerations.
- Conclusions.

Overstated Coverage - VZW



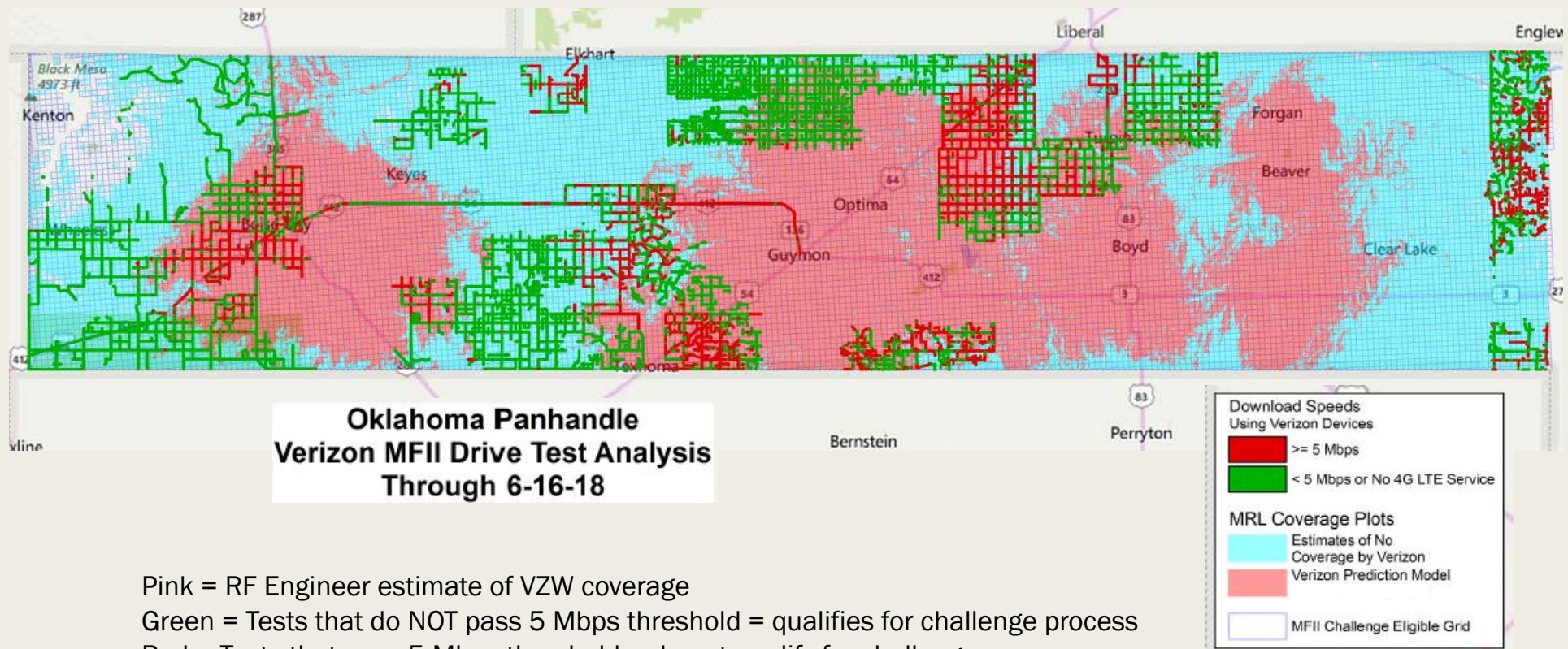
Source:

<https://www.verizonwireless.com/featured/better-matters/>



RF Engineer
Estimate of VZW
Coverage totals
47.82% of what
VZW posts on their
website (52.18%
overstated).

Overstated Coverage Confirmed - VZW

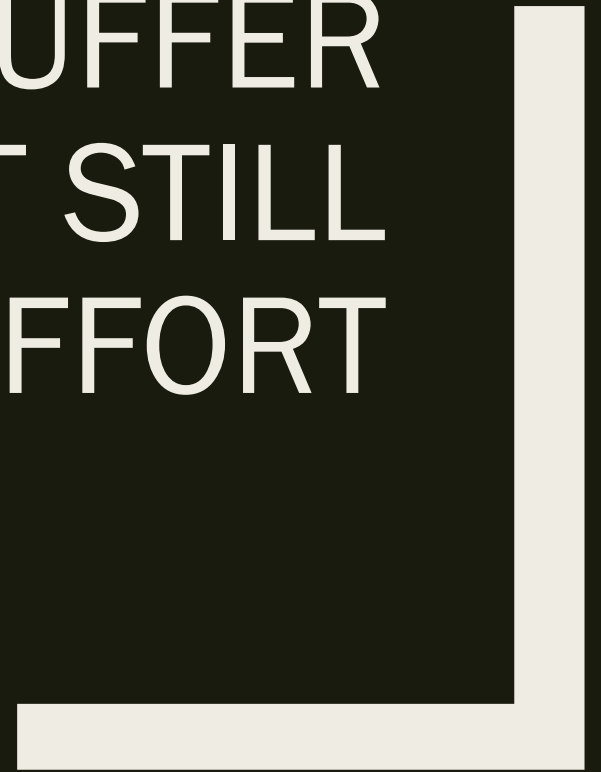


Pink = RF Engineer estimate of VZW coverage

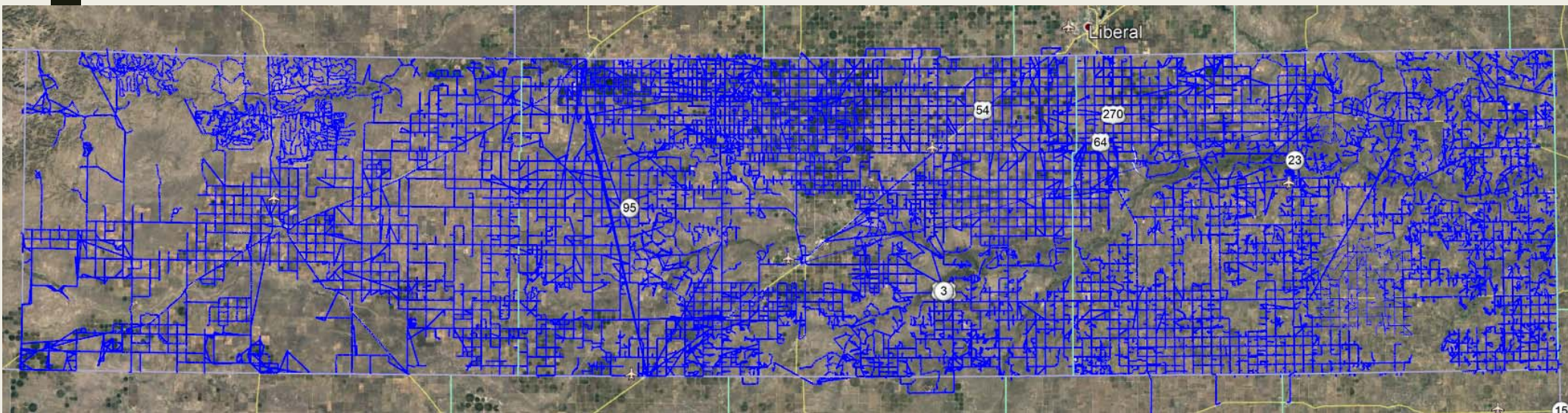
Green = Tests that do NOT pass 5 Mbps threshold = qualifies for challenge process

Red = Tests that pass 5 Mbps threshold = do not qualify for challenge process

400 METER BUFFER
HELPED, BUT STILL
HERCULEAN EFFORT



Comprehensive Drive Testing



54,425

Miles Driven – 05/01/18 through 08/21/18

* Does not include miles driven by ATV, flown by Drone, tests completed on foot

25,000

Estimate of Miles Yet To Be Driven (mostly on private property) or Re-Driven



3,300

Employee Hours Dedicated to MF2 and Drive
Testing 11/01/17 through 08/17/18

2,000

Employee Hours Dedicated to MF2 and
Drive Testing Expected in the future



\$245,600

Wages Paid 11/01/17 through 08/15/18
for MF2 related work

\$150,000

Estimate of Future Wages for MF2 related
work



\$120,120

Consulting Costs 11/01/17 through 08/17/18
(regulatory & engineering)

\$78,000

Expected Future Consulting Costs
(regulatory & engineering)



\$14,540

Fuel Costs 05/01/18 through 08/21/18

*This does not include fuel used for ATVs

\$15,000

Expected Future Fuel Costs



4,700

Number of gigabits of data used 04/04/18 through 08/17/18

(200 GB allotted per month – Overage fees paid above allotment)

1,500

Anticipated Number of gigabits of data needed to complete MF2 Challenge

(200 GB allotted per month – Overage fees paid above allotment)



\$68,400

Verizon and T-Mobile Costs 04/04/18 through 08/17/18 (Plus test devices for AT&T)

Multiple devices needed for each carrier to successfully complete drive tests

VZW = 10 devices

T-Mo = 6 devices

Costly plans with data caps and overage fees to ensure no network prioritization

\$15,000

Estimate of Future Verizon and T-Mobile Costs



\$24,500

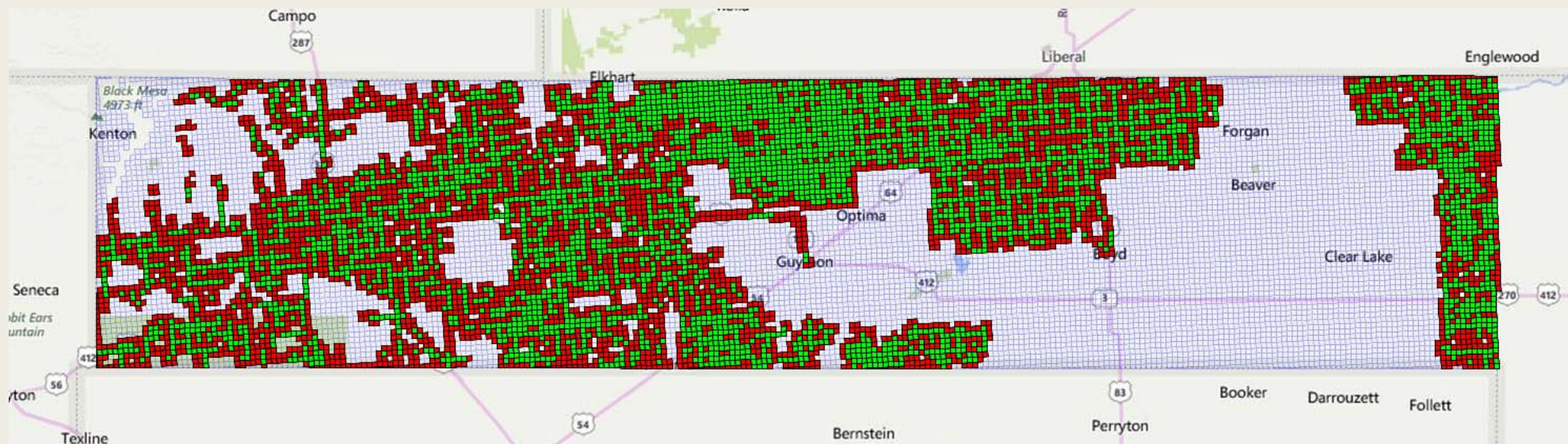
Spent on 2 ATVs, trailers, licensing, etc.

111

Number of hours spent driving testing with
ATVs on property inaccessible by roads –
07/17/18 through 08/21/18



Areas Presumed Challengeable Are Inaccessible



Green = satisfies at least 75% coverage threshold of square kilometer grids
(driving on passable roads)
Red = less than 75% coverage

Successful Drive Testing is Difficult

- Multiple efforts made to notify and educate our customers on drive testing (letters, personal communications, social media, etc.).
- Implementation of additional safety equipment on all vehicles use for drive testing (signs, flashing lights, etc.).
- Use of 4-wheelers to test areas inaccessible by roads.
- Our drive testers take farmers out to check cattle in order to gain access to some farm and ranch land – land owners want to ensure that we are not inadvertently starting fires while driving on their parched land & to make sure that their cattle are not getting out of their pastures.
- Our drive testers have rode with biologists in designated Wildlife areas.
- Drive testers receive unfriendly hand gestures while drive testing on highways – testing requires driving much slower than posted highway speed limits.
- ATV drive testers have reported seeing various wild animals, including Mountain Lions.

Opportunity Costs

Pulling employees away from their day time duties:

- Paused general network maintenance.
- Slow down of FTTH Conversions.
 - *Fewer employees available for customer conversions = fewer conversions are completed and more overtime associated with employees working on conversions.*
 - *Growth of Overtime exceeds 50% in departments most affected by drive testing.*
- Additional wear and tear on vehicles = Unexpected repair and vehicle replacement costs.

Conclusions

- Concerns regarding overstated unsubsidized coverage remain.
- Herculean effort to conduct a successful challenge.
 - *Square kilometer grids coupled with lack of public roads make challenges in rural America very burdensome.*
 - *Even areas presumed challengeable are inaccessible.*
 - *Challenge process is very expensive and labor intensive.*
- Small regional carriers are faced with many challenges and uncertainties due to MF2.